

Fiscal Note

Fiscal Services Division



HF 2448 – Substance Abuse Treatment Facility Sales Tax Exempt (LSB 5489HV)
Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.state.ia.us)
Fiscal Note Version – New

Description

House File 2448 provides a sales tax exemption for the sales price of tangible personal property and services sold to a substance abuse treatment facility that receives block grant funding from the Iowa Department of Public Health.

Assumptions

- The Department of Public Health has indicated that there are currently 23 substance abuse programs that will be eligible for the sales tax exemption.
- Of those 23, nine are currently exempt from paying sales tax. The remaining 14 programs are estimated to have paid a total of approximately \$335,000 in sales tax in FY 2011.
- The Department of Revenue has provided taxable sales growth rates of 3.7%, in FY 2012, 3.4% in FY 2013, 3.7% in FY 2014, and 4.4% in FY 2015.
- The estimate assumes no other substance abuse programs in the State will be eligible to receive the sales tax exemption.
- An average statewide local option sales tax (LOST) rate of 0.87% is used to measure the total impact on the LOST revenue.

Fiscal Impact

The estimated fiscal impact of **HF 2448** will be a reduction in State sales tax revenue of approximately \$359,000 in FY 2013, \$372,000 in FY 2014, and \$389,000 in FY 2015. This will decrease General Fund revenue by approximately \$300,000, Secure an Advanced Vision for Education (SAVE) by \$60,000, and LOST revenue by \$50,000 beginning in FY 2013. The following table provides the estimated fiscal impact for FY 2013 through FY 2015.

Estimated Change in Revenues					
	Total State Sales Tax	General Fund	SAVE	LOST	
FY 2013	\$ -359,206	\$ -299,339	\$ -59,868	\$ -52,085	
FY 2014	-372,497	-310,414	-62,083	-54,012	
FY 2015	-388,887	-324,072	-64,814	-56,389	
SAVE = Secure an Advanced Vision for Education					
LOST = Local Option Sales Tax					

Sources

Iowa Department of Public Health
Iowa Department of Revenue
LSA Analysis and Calculations

/s/ Holly M. Lyons

March 28, 2012

The fiscal note for this bill was prepared pursuant to **Joint Rule 17**. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.